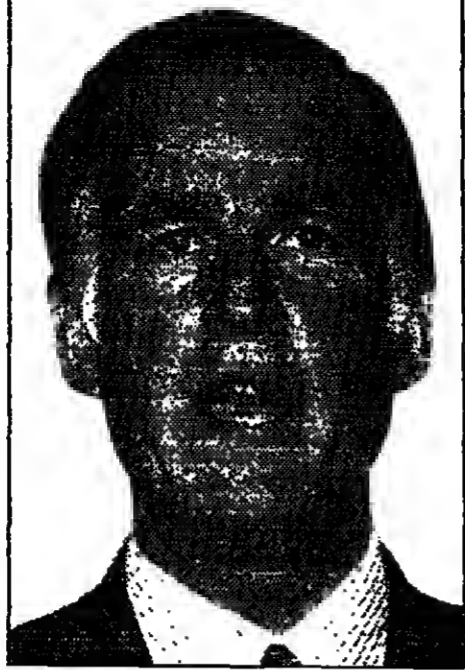


CAMPAIGN BASICS / Edmund G. (Jerry) Brown Jr.

The Race So Far
Democratic gadfly, running as a populist, beat the early odds with a victory in Colorado and a second-place finish in Michigan.



Profile
Age 53. Son of a former California governor. Dropped out of Jesuit seminary to attend University of California at Berkeley, Yale Law School.

Verbatim
"The reason why I believe so many people don't vote anymore is because they don't feel that their vote will actually add any difference to their lives."

On the Issues
Economy: Favors eliminating the tax structure, including Social Security tax and excise taxes.

tax on business transactions, including retail sales—a national sales tax.

Trade: Wants to condition favored-trade status for China on human rights improvements.

Social Policy: Favors "single-payer" national health system, similar to Canada's.

Military and Foreign Affairs: Would cut military budget by half, \$150 billion, over five years.

Energy and Environment: Has a strong environmental record in California.

LIBYA: UN Council Votes for Air and Arms Sanctions

(Continued from page 1)
ing, said the issue the council faced was whether "the international community is prepared to back up its own words with actions and demonstrate that it will protect itself against a state that engages in terrorism."

Although he did not say what evidence Britain wanted, he listed several Libyan arms shipments intercepted on their way to the militant Provisional wing of the Irish Republican Army.

Specifies on Sanctions

UNITED NATIONS, New York — Among the sanctions that the Security Council could impose on Libya: an air embargo, a ban on weapons trade and a reduction of Libyan diplomatic personnel.

Since Libya would presumably be reluctant to provide such information, some diplomats argue that the sanctions are likely to prove more difficult to lift than to impose.

Directors who have missed out include Alfred Hitchcock, Luis Buñuel, Jean Renoir, François Truffaut, Ernst Lubitsch, Buster Keaton, D.W. Griffith, Cecil B. DeMille and, at least thus far, Martin Scorsese, George Lucas and Barbra Streisand.

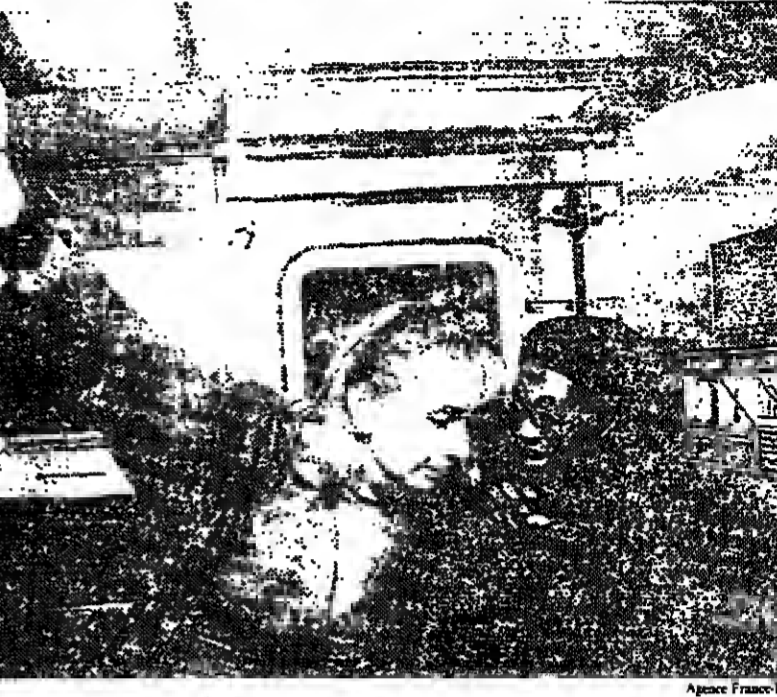
A Fifth of Voters Found to Back Texas Billionaire

LOS ANGELES — Signaling dissatisfaction with the choices in the presidential contest, one-fifth of registered voters say they would support the Texas billionaire H. Ross Perot in a three-way race for the White House.

registered voters now know enough about the industrialist to have an opinion of him. Mr. Perot, 61, who made his fortune building a computer services company in Texas, has said he will seek the presidency as an independent if volunteers obtain enough signatures to place him on the ballot in every state.

As Gotti's Trial Closes, A Caveat to Jury Prods Defense to Cry Mistrial

NEW YORK — Pandemonium erupted in the closing minutes of the 10-week trial of John Gotti, a reputed criminal leader, when U.S. Attorney Andrew Maloney told jurors that they'd be "less than human" not to fear the man they are being asked to judge.



Hillary Clinton waving a voter in the New York subway. The state primary is April 7.

Mrs. Clinton in White House Post?

MILWAUKEE — Governor Bill Clinton apparently wants his wife, Hillary, to play a major role in the administration if he wins the election in November.

Mr. Clinton said during a question-and-answer session at the college that "there are worlds of things Hillary could do at a very high level in the administration."

Guam to Replace Subic for U.S.

AGANA, Guam — The United States will turn Guam into a major military base to balance the loss of Subic Bay Naval Base in the Philippines, a U.S. Navy official said Tuesday.

U.S. Eases Desegregation Steps

WASHINGTON — The Supreme Court ruled Tuesday that school systems can now be declared legally integrated in piecemeal fashion, clearing the way for an end to forced busing in some school districts where student integration has been achieved but where other aspects of a judge's order remain unmet.

Federal judges have used those categories routinely since a 1968 Supreme Court decision said they could help identify vestiges of the discrimination banned in the Board of Education vs. Brown ruling of 1954.

AMERICAN TOPICS

Of Hollywood Fame And Oscar Awards

This week, with the announcement of Hollywood's annual Academy Awards, is as good a time as any to consider what Charlie Chaplin, Greta Garbo, Orson Welles and Marilyn Monroe have in common.

Short Takes

With the Cold War over, Congress has ordered the army, navy and air force academies to reduce their enrollments of 4,400 students each by 10 percent over the next three years.

the real thing.

Among the recipients of honorary awards are Cary Grant (1969), Orson Welles (1970), Charlie Chaplin (1971), Jean Renoir (1974), Barbara Stanwyck (1981), Paul Newman (1985) and Myrna Loy (1990).

CLINTON: Debating Challenge

(Continued from page 1)
ple profile of who he is and what he stands for," said James Carville, one of Mr. Clinton's senior strategists. "People can't react to information they don't have."

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ACROSS
20 Ugandan exile
23 Biblical king
24 Kite or Pate
4 Avena sativa
7 Floor at the N.Y.S.E.

DOWN
1 L.B.J.'s successor
2 Assembly-line org.
3 Bambi's aunt
4 Hoses, Douay spelling
5 English chessographer Frederick

CLINTON: Debating Challenge (Continued from page 1)
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SPORT
Paris Geneve Bruxelles Spines Monte Carlo Milano Roma Beverly Hills Tokyo New York Palm Beach Osaka Tokyo - 313 - 7176 Seoul Singapore

Solution to Puzzle of March 31
JUGS SHOE MAID ANOA APART ERSE ITON GOLDTURKEY LOGGATOS ANISES BAGER SKIN SACRED RHETORIC OTHER MART OJA LIAE COVET TUES LES RUED DOME SEEDLESS LANDED AIDE COVER STERNE TRUVELOVE PIGEONBIRD EDDN URIS CHITIME SINDO REIST BEITER SINDO

OPINION

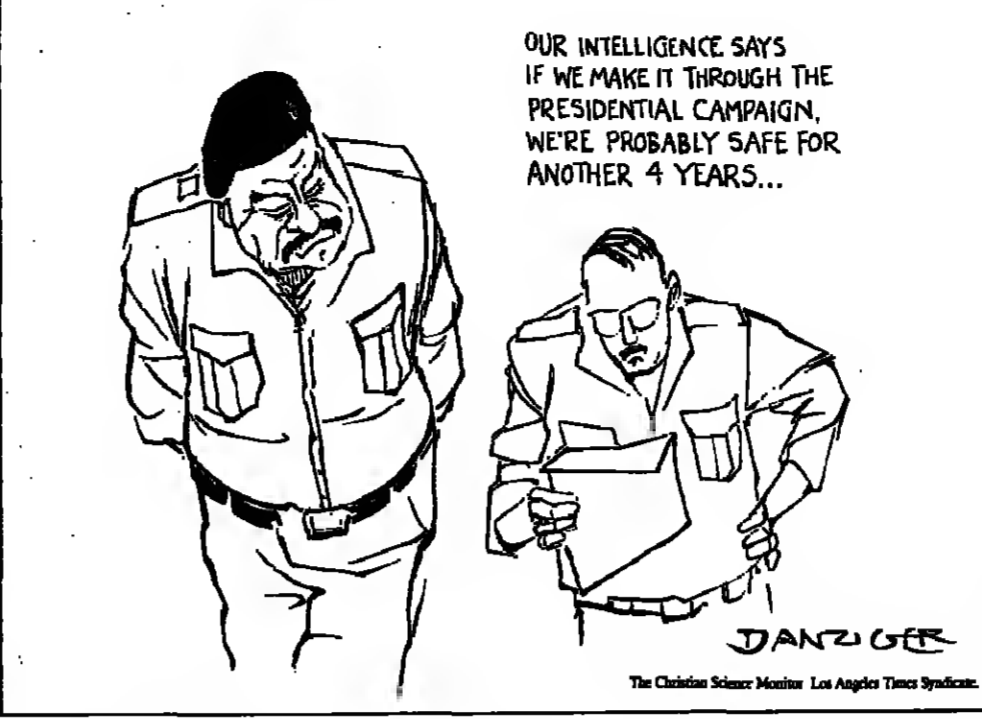
The Libyans Had Accomplices

By A. M. Rosenthal

NEW YORK — About the... The answer is yes, someday... And too many people have been part of the investigation...

tion. The Syrian-based terrorists planned it. Libyans were brought in for the kill... Vincent Cannistraro headed the CIA's investigation...

President George Bush thereupon stunned the intelligence world by saying that Syria had received a "bum rap..." So now we are expected to believe that two Middle Eastern terrorist gangs...



OUR INTELLIGENCE SAYS IF WE MAKE IT THROUGH THE PRESIDENTIAL CAMPAIGN, WE'RE PROBABLY SAFE FOR ANOTHER 4 YEARS...

The Talk in the Hot Tub Was of Distant Worlds

By Nancy Bekavac

C LAREMONT, California — After my first day of skiing in two years I took my sore muscles down to a hot tub at the ski resort I was visiting...

MEANWHILE like an anchor. We chatted and I got around to asking him if he was a student on spring break... "Yes, I just got out of the Marine Corps and I'm in junior college..."

home to go to school. I had not found any way to talk about it with my classmates, whom I alternately fought with and ignored... "You wouldn't want to be the kind of man who just forgets it," I said...

LETTERS TO THE EDITOR

Volunteers for the UN

Regarding "New Age for the United Nations, Members Willing" (Opinion, March 12)... Stephen S. Rosenfeld's encouraging article notes that among the preoccupations facing the new United Nations secretary-general...

Perot's Appeal

Regarding "America: The Would-Be Third Man Feels Economic Calamity" (Opinion, March 30) by H. Ross Perot... What a pity that America's political system cannot seem to permit a man like H. Ross Perot to become president...

Legalizing Drugs

Regarding "The Drug Problem Needs Attention" (Opinion, March 14) by A. M. Rosenthal... Indeed it does, and that is no criticism of the therapeutic communities that Mr. Rosenthal praises...

Silence Over Burma

Regarding recent comments on repression in Burma... The military junta of Burma has now turned its brutal attention to the poor Muslims in the coastal region of Arakan...

What the Tswanas Want

Regarding "A Bit of Solace for the Afrikaner" (Meanwhile, March 25)... In his original and perceptive article, Peter Honey says that two non-white groups, the Zulus in Natal and the Tswanas in Bophuthatswana...

GENERAL NEWS

Foreign Minister of India Resigns Amid Allegations in Bribery Case

NEW DELHI — Foreign Minister Madhavsinh Solanki resigned Tuesday over allegations that he tried to stall an investigation into the Bofors bribery scandal...

Parliamentary Affairs Minister Ghulam Nabi Azad announced in the Lok Sabha, the lower house, that Mr. Solanki had submitted his resignation to Prime Minister P. V. Narasimha Rao...

Minister Rene Feiler in January that gave details of the case. Mr. Solanki said he kept no copy of the note. Opposition members asserted that he had advised Swiss authorities to slow down investigations...

Will the Messiah Come Now?

By Jackson Diehl Washington Post Service K FAR HABAD, Israel — Twice in the last four years, the Brooklyn-based leader of the ultra-Orthodox Lubavitcher movement of Judaism, Rabbi Menachem M. Schneerson, has tipped the precariously balanced scales of Israeli politics decisively toward the right...

followers live may anger — if nothing else — a significant change in the power that religious parties wield in Israeli politics. Before the last general elections in 1988, Rabbi Schneerson ordered his followers to vote en masse for the Agudat Israel religious party...

Advertisement for Learjet 31A. Features an image of the aircraft and text: 'If you're looking for the most cost-efficient jet, look a little higher.' Includes contact information for Robert C. Williams.

Germany

Europe, Apple Pie And the D-Mark

Is the National Symbol in Danger?

By Josef Joffe

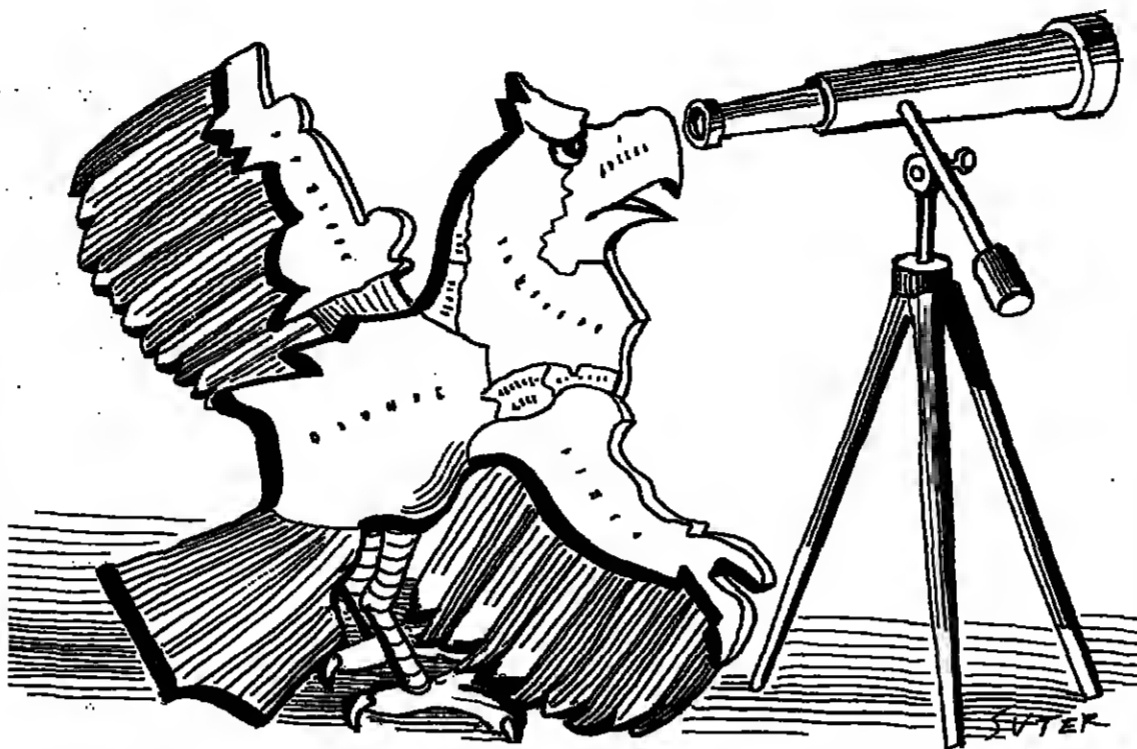
MUNICH — Unlike Margaret Thatcher, German politicians are no Brussels-bashers. Teacher's pets in the European classroom, they have always been eager to excel in their homework and to pledge allegiance to the blue-and-gold flag of the European Community. But something has happened on the way down from the Maastricht summit in December, where the Twelve laid down the timetable for a more perfect union — above all, a monetary union. The Germans have begun to worry and to waver, and that, coming from the most potent member in the club, will rattle the tracks more loudly than all of Mrs. Thatcher's blarney put together.

Take Herr Garweiler of Munich, who recently assumed the Maastricht process as a "totalitarian dream," while mocking its key component, a common currency by 1999, as "Esperanto money." (The quip goes back to De Gaulle, who jeered that Europe would end up speaking Volapük if the Eurocrats had their way.) Who is Peter Garweiler? No Mr. Big, if you compare him to Chancellor Helmut Kohl, who likes to confess that he has only one dream left: "to put the European train on track in such a manner that it will only be able to roll forward."

But then, Mr. Garweiler is no beer hall politico, either. He is the environment minister of Bavaria and a rising star of the Christian Social Union, Mr. Kohl's junior partner in Bonn. His ambition is to inherit the mantle of the late Franz-Josef Strauss, and he has the political talent to go with it. To do so, he must first topple Theo Waigel, the CSU party boss, who is also finance minister in Bonn.

And lo, Herr Waigel soon thereafter trimmed his European sails. If it is going to be a common currency, he opined, it might just as well be called "Eurozark," to be managed by the Eurobank, located — where else? — in Frankfurt. Blips on the screen, you might say, but these two gentlemen know an issue when they see one. As does Oskar Lafontaine, the once and perhaps future

Continued on page 9



The Limits of the German Model

By Joseph Fitchett

BERLIN — Officials in this capital-in-the-making are fond of saying that Germany, now it is unified, has become a European country like any other. Does that normality imply conversely that the rest of Europe is liable to become increasingly like Germany?

Other Europeans have learned to doctor their currencies with German-style anti-inflation remedies, but they are only now having to come to grips with the other key parameters of the German model: a decentralized political structure and a doctrinal aversion to government intervention in business.

These tenets are more troubling, partly because they are not always what they seem to be, partly because they clash with the political cultures of major European Community nations.

After admiring the German example from a safe political distance in the 1980s, the problem of dealing firsthand with Bonn's orthodoxies has been a bruising experience for diplomats, who

found their arms being twisted publicly over recognition of Slovenia and Croatia.

Perhaps even more in business, German decision-makers have an ingrained sense that their way is the right one, a pride perhaps understandable in light of their enviable record in managing their economic and political interests.

Ironically, Germans' self-satisfaction does not necessarily mean that they are trying to colonize others. Rarely, says a British diplomat, are Germans "consciously preaching to other countries and companies, but they often sound hegemonic because they are not yet very sensitive to apprehensions about their way of wielding power."

Partly because Germanic thoroughness means taking ideas to logical fulfillment, Germans often seem intimidatingly bent on promoting their political and economic model for Europe — perhaps more than they actually mean to do.

Currently, Germany's industrial and social market-philosophy is enjoying a flattering flurry of interest on the part of France's ruling Socialists and Brit-

ain's opposition Labor party, which also professes admiration for the German electoral system of proportional representation to ensure a maximum of democratic participation in the quest for a national consensus.

In the longer run, however, the unique features of the German model seem unlikely to make much headway in other major EC nations. For example, Germany's vision of a "federal" EC raises hackles because Britain, France, Italy and Spain all have major problems with separatists.

The German commitment to federalism is rooted in strong decentralization imprinted on postwar German democracy; in four decades, it has produced an equilibrium because a light political superstructure can efficiently manage a highly cohesive, even conformist, society.

This unique social bedrock explains why Germans are able to practice a national style that many foreigners admire but few can emulate.

For anyone used to working in Paris,

Continued on page 8

As It Takes Center Stage, Nation Is Unsure of Role

Economic Power Faces the Challenge Of Europe's New Political Landscape

By Richard E. Smith

FRANKFURT — The triumph of economics over politics at the end of the Cold War has thrust Germany, Europe's economic giant, toward a new role at the center of a Continent striving to create the world's largest single market.

But Germans, not to speak of their neighbors, are having trouble figuring out what that role should be for a nation that has done so much to alternately build and destroy the Continent over the past century. At the same time, Germany will be gradually molding the New Europe in its own image in several key ways.

For the present, some Germans seem nostalgic for the easier times and easier choices before the fall of the Berlin Wall.

When Europe's tectonic plates were locked firmly in place by the Iron Curtain, West Germany was able to devote nearly its full attention to methodically creating the Continent's largest economy, the world's largest export machine and one of its most stable currencies.

But the revolutions of 1989 have redefined the meaning of power in Europe with arresting speed.

In the East, Mikhail Gorbachev's dismantling of the Berlin Wall and European communism in general has defused the Continent's major political confrontation and opened up an area for economic development that spans 13 time zones.

In the West, Jacques Delors's vision of the European Community looks set to proceed much more rapidly toward economic than political union.

Suddenly finding itself with the strongest hand to play in both directions, with the United States inviting it to take a larger role and with the rest of Europe half expecting and half fearing that it will, little wonder that many Germans are confused and hesitant.

"Whatever Germany does, it gets criticized," wails the daily Frankfurter Allgemeine Zeitung. "The Germans have always done well when they do not use all their weight," cautions the weekly Die Zeit.

In a celebrated survey, poll-takers found that Germans most admired Switzerland as a role model, so tidy, manageable and apart.

"The self-image is trailing behind the reality and behind the perception abroad," said Ekkehard Seifert, economist with Deutsche Bank.

Not surprisingly, the self-doubts are most clearly visible in the political sphere. A key experience was Bonn's decision to step beyond the indecision of the European Community in regards the Yugoslav quagmire by moving to recognize the breakaway states of Slovenia and Croatia.

But the storm of controversy in an area where German diplomacy had contributed to violence in both world wars brought into stark relief the dilemmas of any unilateral German political action.

HANS-Dieter Genscher, Germany's long-serving foreign minister, is trying to find economic solutions to preempt political crises in Eastern Europe and the former Soviet Union. Along with other German politicians, he is encouraging other nations to invest as much as possible to foster the creation of stable democracies so that Germany will not find itself at the front line of chaos or violence in the East.

Mr. Genscher has been notably active in trying to mediate the conflict between Tokyo and Moscow over Russia's possession of the Kuril Islands, the issue which is preventing billions in Japanese aid from flowing to Russia.

But although the Germans may not know what they want or what they can do politically, they know only too well what they want economically: to build Europe's economy in their own image.

The Bundesbank did a good deal to mold the foundations for the planned European Monetary Union and its central bank but this has not prevented the eruption of a lively debate in Germany about the wisdom of economic union with its neighbors.

The main point of contention is the mark, symbol of stability and the passport to postwar prosperity. Horst Köhler, state secretary in the German Finance Ministry, said recently that the mark was no less than "the absolute essence of our political and economic meaning, of our self-confidence."

The boulevard press agrees and has launched volleys of panicked headlines accus-

Continued on page 10

500 Years Later
however, decided to...
Spain turned...
After the...
Modrow and 3 Aides
Are Indicted for Fraud
DRS...
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THYSSEN AKTIENGESELLSCHAFT

Economic Weight Spreads in East Europe

Need for Foreign Capital Overrides Misgivings of Germany's 'Natural Market'

By Tom Redburn

BONN — When Chancellor Helmut Kohl went to Prague late in February to sign a friendship treaty with Czechoslovakia's president, Vaclav Havel, it was supposed to signal the end of an era. "We have stood over too many graves and shed too many tears," Mr. Kohl said.

But even as the two leaders were trying to put the bitter memories of World War II behind them, some Czechoslovak politicians were expressing growing fears of a new German invasion — this time, not of tanks and soldiers but of money and industry.

"We have to ask, what is German capital?" Petr Pithart, prime minister of the Czech republic, queried in demanding a review of plans by Mercedes-Benz AG to acquire two truck manufacturers. "Does it have the same geopolitical context as in the 1930s?"

Whatever the misgivings, however, Germany's expanding business reach into Eastern Europe offers the region its only realistic hope for emerging from the economic disaster left by more than four decades of communist rule. Indeed, the Czech regional government approved the Mercedes joint venture last week.

"These countries are our neighbors," said Jürgen Oberg, executive director for Eastern Europe at Siemens AG, the huge Munich-based manufacturer specializing in electrical equipment and electronics. "Germany is the best partner they have in their goal of becoming part of a wider European Community. And for us, there is the opportunity for a profitable long-term business relationship."

Concentrated most heavily in Czechoslovakia, German economic influence is spreading rapidly throughout Eastern Europe. Out of more than 3,000 joint ventures already established in Czechoslovakia, more than a third are with German firms, according to Business International, a Vienna-based consulting company that specializes in Eastern Europe.

Even more impressive, at least 80 percent of the foreign capital that has entered the economy has come from Germany. Volkswagen AG, in the biggest single deal in Eastern Europe since the fall of the Berlin Wall, plans to pour at least \$5.5 billion into building cars in Czechoslovakia through its joint venture with Skoda.

Germany is also the largest foreign investor in Poland, although its stake there is far smaller at only about \$160 million. Indeed, President Lech Walesa urges German business to do much more in Poland. Among the East European countries that have made significant strides in moving toward capitalism, only Poland, with slightly more than half its foreign investment coming from U.S. companies, has a widely diversified base of outside money.

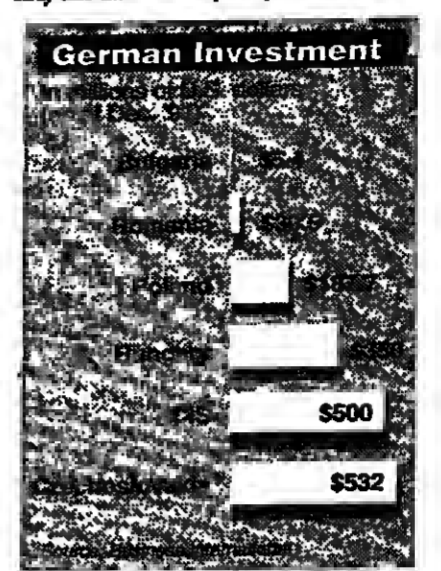
It is no surprise that Germany has taken the lead. Germans have played the strongest economic

role in Central and Eastern Europe for more than a century. Siemens, for instance, opened its first foreign outpost in St. Petersburg in 1855, only eight years after the company was founded.

Even during the Cold War, when much of the business dried up, Germany was the largest Western trading partner of every country within the former Soviet empire. The Eastern Committee, an industrial group that helped forge business deals between Germany and the old East bloc, has been active for more than 30 years. When the communist system collapsed, German bankers and industrialists moved quickly to fill the vacuum.

"It is our natural market," Otto Wolff von Amerongen, chairman of the Eastern Committee, told The Washington Post recently. "In the end, this market will perhaps bring us to the same position we were in before World War I. Why not?"

For German industry, Eastern Europe is likely to prove a godsend in its effort to maintain global competitiveness. German labor, among the costliest in the world, is driving business to look for cheaper alternatives. Already, Volkswagen and Daimler-Benz have suggested they cannot afford to build any new factories in Germany.



same position we were in before World War I. Why not?"

That raises fears in some circles that the former East bloc will be turned into little more than a low-wage workshop for German business. But despite the well-publicized complaints, particularly from Czechoslovakia, about a German economic colonization of Eastern Europe, business executives say they have detected little real resentment so far.

"Siemens has a good name in all these countries," said Mr. Oberg. "That helps."

In fact, the heart of the complaint from Eastern Europe is not so much that German companies are investing too much, but that others are investing too little.

"If this area is turning into a kind of German territory, it is because businesses from America, France and the U.K. are not moving faster," said Heinrich Vogel, director of the Institute for East European and Soviet Studies in Cologne.

Throughout the region, governments are trying to encourage foreign investment from other Western countries but they have shown little inclination to limit German interest.

"The fears of German domination have been exaggerated by certain politicians in hopes of exploiting an issue," said Eberhard von Koerber, an executive vice president for the Swiss-Swedish hybrid, ABB Asa Brown Boveri Ltd. "But in the real world of day-to-day business, it just doesn't play a role."

For now, most of Germany's attention is focused on the immensely expensive task of reunification. Some big companies are already putting down roots in Poland, Czechoslovakia and Hungary in particular. But many more are waiting on the sidelines as those nations struggle to sort out their own legal systems, establish protections for private property, and develop the banking network and infrastructure necessary to support robust economic growth.

But as German business expands more vigorously into Eastern Europe, the same dilemma that confronts Germany in its backward eastern section will arise in the rest of the region once ruled by the Soviet Union.

Above all, Germans crave stability — both economic and political — among their East European neighbors. But to achieve that stability, paradoxically, Bonn is finding that it must pursue a much more spendthrift economic policy than its cautious burghers are comfortable with. On top of the staggering \$100 billion the government is spending annually in its eastern half, Germany is already by far the largest official donor to Eastern Europe and the republics of the ex-Soviet Union. There are undoubtedly many extra expenses ahead.

"Germany's bankers face the curse of its generalists: a two-front war," explains Walter Russell Mead, senior fellow for international economics at the World Policy Institute in New York. "On the Western front they seek to maintain its reputation for stability and consistency that has made the mark what it is. On the Eastern front they must pursue a financial policy that is much more expansionary, even reckless, by traditional West German standards."

It is a paradox that promises to bedevil Germany for years to come.

TOM REDBURN is on the staff of the International Herald Tribune.

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Stiff Medicine for Communism's Orphans

By Richard E. Smith

FRANKFURT — The Treuhändanstalt, the trust charged with privatizing most of the land and industry of former East Germany, is gradually entering the short list of four-syllable German words that the rest of the world can pronounce.

The tongue-twister (pronounced TROY-haint-sha-shalt) is becoming a familiar one as it crops up more and more in advertisements in foreign publications and in promotional seminars from Saudi Arabia to New York.

There are few newscasters or prime ministers who have not at some point had to wrestle with the name of a body that in less than 15 months has sold some 6,000 companies for 20 billion Deutsche marks (about \$12 billion) and committed the buyers to invest another 120 billion marks to safeguard a million jobs.

Its president, Birgit Breuel, has made clear that she wants to sell quickly as much as she can so that she can basically close shop at the end of 1994.

"Privatization is the best restructuring," she said, summarizing the basic philosophy of an organization that from the beginning has firmly believed that the private sector can best help East Germans shed communism.

That strategy reached a milestone when the Treuhändanstalt proudly announced recently that it had sold fully half of the companies inherited from the East German regime by the end of January.

This is not to say that the Treuhändanstalt has become any more popular.

Feelings among union leaders, politicians of unemployed have ranged from mistrust to resentment to fury as the Treuhändanstalt prescribed its stiff medicine.

Indeed, the assassination of Ms. Breuel's predecessor, Detlev Rohwedder, has never been clarified.

The debate has evolved along classic and familiar lines, pitting proponents of free markets against those pleading for more government guidance, but rarely have the stakes been so large, with roughly a third of former East Germany's once fully employed work force now without work.

IG Metall, Germany's largest union, has steadily lobbied for the creation of a sister



Birgit Breuel

organization to the Treuhändanstalt that would work to restructure firms gradually rather than try to sell them off rapidly.

Horst Wagner, a union leader in the Berlin-Brandenburg region, said that soon there will be no industrial companies left in his region if the Treuhändanstalt pursues the route of selling off or closing down. Although some Eastern regions such as Saxony and Thuringia are already showing encouraging signs of buoyancy, the more heavily populated smokstack areas near Berlin could be stripped of much of their industrial establishment and face severe social problems.

Ms. Breuel says that the union approach would create "two classes" of companies, one forced to play by the tough rules of the private market and the other sheltered by government largesse.

It is not lost on East Germans, of course, that two classes already exist in prosperous Western Germany, where the government has long coddled steelworkers in the Ruhr, shipbuilders in Bremen and farmers everywhere. With the costs of reunification soaring, Economics Minister Jürgen Möllemann has made dramatic promises to cut back subsidies for these groups but so far has not had much success against their entrenched lobbies.

It is precisely those sorts of lobbies Ms. Breuel wants to prevent from gaining an early foothold in Eastern Germany, and she knows that this requires clear-cut and rapid action at the beginning of the process.

Some of her haste can also be ascribed to political realism. Once a regional finance and economics minister, she realizes that a shift to the left in the 1994 elections could severely complicate her work if the Treuhändanstalt lives much beyond that year.

Many local and regional politicians are already spending for a showdown and a government controlled by the Social Democrats in Bonn would be much more sympathetic to union demands for a slower approach.

Wolfgang Roth, economics spokesman for the Social Democrats, has said that the government is presiding over a "catastrophic development" that is creating "wide areas of de-industrialization."

At the same time, business leaders are pressuring Ms. Breuel to move faster and are warning that any company held too long by the Treuhändanstalt may become suspect.

Ms. Breuel's especially active campaign so far this year has put a strong emphasis on luring foreign investors and on offering novel approaches to privatization. She has actively encouraged Western Germany's large banks to set up funds to adopt various companies in the Treuhändanstalt's ward and groom them for independence or the market.

DIH Deutsche Industrie-Holding AG, founded by Deutsche Bank, has looked at dozens of candidates and several other large banks have launched similar vehicles.

Ms. Breuel is also receptive to the participation of local governments in the restructuring of companies that are particularly important to them. This broader flexibility may be necessary as time passes because many of the companies remaining for sale are small and mid-sized firms, which are not so likely to attract the big-ticket investors.

Nevertheless, Treuhändanstalt officials believe that roughly 70 percent of the companies remaining on its rosters can be groomed for sale in roughly their present form.

"Someday, when people look back at the job of the Treuhändanstalt, they will see it as a model of success for privatization," said Norbert Walter, economist of Deutsche Bank.

Limits of the German Model for Europe

Continued from page 7

London or Washington, the most striking German peculiarity is the absence of a large, powerful bureaucracy to represent the national government's interests.

To an almost unimaginable degree compared with other major countries, the federal government in Bonn has little machinery for managing the nation's economy, leaving room for the Bundesbank and the commercial banks to handle fiscal and industrial questions.

Since local governments handle every issue that they can, including education and regional development, the federal government controls mainly international questions.

The lightness of the German bureaucracy, rooted in the Germans' fears of the dangers of a centralized and therefore coercive system, has become a problem for the Bonn government now that Germany is being called upon to assume so many new international responsibilities.

Shying from any machinery that might be abused for overt authoritarianism, Germans therefore rely heavily on consensus, a notion coupled with insistence on clear rules so that everyone knows exactly what is expected.

That consensual approach ensures unity and continuity in a venture and, perhaps even more

importantly, it satisfies an ingrained concern among Germans to eliminate unpredictability.

While other nationalities often react defensively to German insistence on signposting every step of the way in a business or diplomatic relationship, the Germans actually are seeking for themselves to know where they are going. Once convinced, they demonstrate an almost unshakable confidence in their partners.

Such a mechanical-sounding approach often irritates foreigners as a symptom of German smugness — for example, in their denials of Germany's unavowed industrial policy.

True, it is not set by the government, but business and financial leaders' consensus produces the same results, writes Michel Albert, author of a recent book published in France entitled "Capitalism Against Capitalism."

In his view, German industrial groups' preference for getting long-term investment from banks and insurance companies — and not from the stock market, as Anglo-Saxon companies do — is rooted in a fundamentally different interpretation of the free market concept.

Drawing on the example of insurance, Mr. Albert, who heads one of France's largest state-owned insurance groups, says that Continental Europe conceives of insurance as a collective sharing of overall risks by a limited number of companies. In contrast, Britain,

with its maritime tradition, has numerous, fiercely competitive companies that gamble on risks that they choose.

German businesses work cooperatively in a way that French and British competitors can only envy, not emulate — and that provides cultural habits that result in effective non tariff barriers. For example, preferential insurance premiums are available to plants that equip themselves with German-made technologies, allegedly because these systems are known to German actuaries and so the risks can be quantified.

Many of these fundamental attitudes may undergo change, however, as Germany stops being a ward to U.S. innovations in management and to U.S. political protection. These trends, which benefited Germany disproportionately, may have allowed some Germans to overtake their own process.

Polls show, for instance, that German opinion gives the largest credit for undermining Soviet power and reuniting Germany to West German initiatives, not to U.S. strength and NATO unity. That assumption is likely to need rethinking as Germany finds that it has to start providing real leadership.

JOSEPH FITCHETT is on the staff of the International Herald Tribune.

Germany / A Special Report

Economy Slumps to 'the Razor's Edge'

By Richard E. Smith

FRANKFURT — A year ago hardly anyone would have predicted a serious slump in Germany's economy. It was forging ahead at a robust growth rate of more than 4 percent, pleasingly surprising even the professional optimists in the ruling coalition government.

signs of life continually flicker but never seem to lead to a convincing upswing. Japan is entering a difficult period and most of Western Europe is struggling with various degrees of sluggishness.

The grand showdown will come later this spring when IG Metall, the country's largest union representing 3.6 million metal workers, settles into serious negotiations.

The country's export machine started the year with one of its weakest performances in years as December's trade surplus of 5.1 billion Deutsche marks (about \$3 billion) evaporated to only 100 million marks in January and the country posted a record current account deficit.

At home, the behavior of the unions is similarly baffling for economic forecasters. Various unions are trying various tactics but the grand showdown will come later this spring when IG Metall, the country's largest union representing 3.6 million metal workers, settles into serious negotiations.

The Bundesbank has raised its leading rates eight times over the last two years to postwar record levels. Since the unions are the Bundesbank's major nemesis in heading off a price-wage spiral, aggressive wage demands by IG Metall could force the bank to keep rates at high levels for months.

Even Economics Minister Jürgen Möllemann noted recently in his monthly economic report that German firms suffered the third consecutive year of shrinking profit margins in 1991.

"It is at the razor's edge," he said in a recent broad assessment of the economy. "The prevailing mood is very negative."

While Western Germany hovers at the edge, Eastern Germany remains on its own track. Mathematically, the two Germanys have switched roles from last year, when Western Germany was surging and Eastern Germany collapsing. This year the East looks set to grow by roughly 10 percent while the West wallows.

But the numbers are deceptive. They mask the fact that Eastern Germany is bottoming out from a trough so deep that a third of the work force is effectively unemployed. The Bundesbank estimates that Eastern Germany will need net transfers of roughly 180 billion marks from Western Germany this year after drawing 140 billion marks in 1991.

Unification Strains 'Social Market' Philosophy

This analysis of Germany's social welfare system was written by Robert Gerald Livingston, who directs the American Institute for Contemporary German Studies at Johns Hopkins University. Mr. Livingston was president of the German Marshall Fund of the United States from 1977 to 1981.

WASHINGTON — Recessions, spiraling unification costs, and trade union demands for greatly increased wage-benefit packages have spotlighted the social side of Germany's social market economy. Will it now be necessary to sacrifice or at least limit some of the generous social welfare benefits that are part of every German's way of life?



Konrad Adenauer

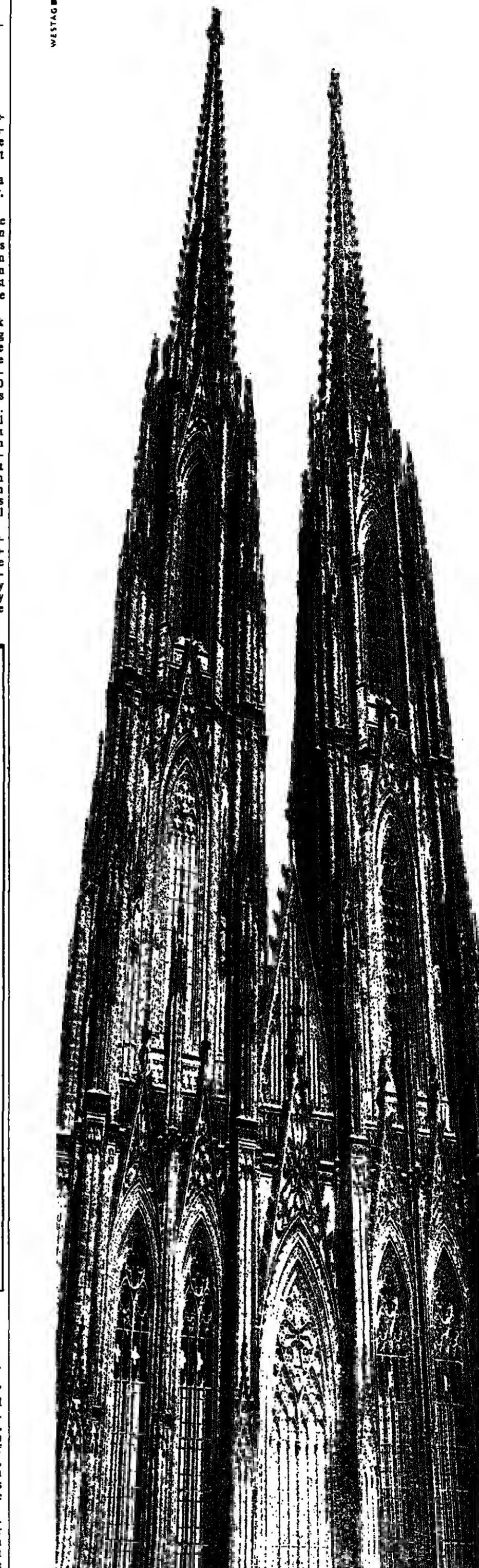
million more people, the East Germans, who had hitherto never paid a pfennig into the funds out of which such programs are financed.

UNIFICATION provided the best proof of the priority the German system assigns to social welfare. Unity within the social welfare system in fact actually preceded constitutional union. As soon as the Berlin Wall fell, every one of the hundreds of thousands of East Germans moving west immediately became beneficiaries of the West German social welfare programs, from unemployment benefits to health insurance and virtually everything in between.

also provides the payment to the jobless, have been essential as the East German work force is downsized from 9.5 million at unification to somewhere near five million during this year.

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Europe, Apple Pie and Mark Continued from page 7 chancellor candidate of the Social Democrats, who has joined his party by bad-mouthing the Maastricht compact. Like every other politico, these folks go to party meetings where they have recently gotten an earful about "them" trying to get a hand on "our" Deutsche mark to debauch it with inflationist profligacy.



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Germany / A Special Report

The East's New Entrepreneurs

By Conrad de Azavedo

LEIPZIG — When Albrecht Hartge and Stefan Walther first met here after the Iron Curtain came down, they discussed the changes going on around them and decided that one thing would surely be in demand in the newly liberated German states: furniture. Construction would soon be booming, they figured, and once the materials went up, the interiors had to follow.

They focused around the notion of starting such a business, but after some preliminary inquiries, they put their idea aside and Mr. Hartge returned to his job at a large Munich reinsurance company "with my mind still on the West," he recalled.

Some months later, though, Mr. Walther, who had owned a small upholstery business in East Germany, called to say he had bought an interior design company in Leipzig from the Treuhänderschaft, the agency created to privatize East German enterprises, and the two became partners.

"We talked about the business, the furniture, and I got interested," Mr. Hartge said in an interview at the Hotel Stadt Leipzig, where their firm, Bernhard Objekt + Design, is doing an overhaul of the interior.

The company also refurbishes restaurants, offices and conference centers. Revenues this year should be close to 18 million Deutsche marks, or \$11 million; he said not bad for a business bought for 2 million DM less than a year ago.

ND young West Germans like Mr. Hartge, 30, are staking their claims in the former East Germany by creating businesses from scratch, buying existing ones or expanding enterprises they operate in the West.

What worries the industry most are production costs. According to the German Automobile Manufacturers Association (VDA) in Frankfurt, in terms of per-unit production costs, German carmakers lost ground to their counterparts in France, Britain, Italy and Spain during the past decade.

which Mr. Walther financed with a combination of government-backed and conventional bank loans.

But government programs do not help everyone. Susanne Hansch, a 27-year-old Berlin fashion designer, and her partner, Klaus Bergmann, were approved for a loan to start their custom men's wear business, Son, but they turned it down.

"They offered us 300,000 marks, but for us it was too much," she said. They had to take either the whole amount or none of it, so they chose the latter.

IN the end, they forsook Germany altogether. Now they have their suits made in Poland, where hourly labor costs 6 marks, instead of 20 marks in Berlin, and the workers have "the old craftsmanship that was lost in the GDR."

"You can put money, money, money in the whole of Eastern Germany and it won't change anything," said Mr. Weyermann, who runs a specialty steel company in Berlin. "You have to train people."

Everythings new here, it's a new system," Mr. Hartge agreed. "It's a big challenge, it depends on oneself what you get out of it."

Bigger German Say in Europarliament?

By Charles Goldsmith

RUSSELS — Germany, which has been underrepresented in the European Parliament since unification in October 1990, may have to wait a little longer before getting additional seats in the 518-member assembly.

The issue of Germany's representation may be tied into a detailed look at the Parliament in light of the European Community's likely expansion in the next few years. And that worries some members of Parliament, who say the Community is violating the concept of "one person, one vote" that it espouses as a basic democratic principle for the rest of the world.

The united Germany still has only 81 members in the Parliament, the same as France, Britain and Italy, despite a population far bigger than the other countries.

Parliament official. "It's a matter of credibility for the Community."

Some officials say that Mr. Mitterrand's opposition to considering the issue at the Maastricht summit was tied to the long-standing dispute over where the Parliament should hold its sessions.

EC historians say the problem of Germany's current underrepresentation dates in part to a 1951 meeting between Konrad

The Maastricht treaty says that the matter should be considered by the end of 1992, along with the issue of how many EC commissioners there should be. There are now 17 commissioners, one for each country plus a second member for France, Italy, Germany, Spain and Britain, but there is a



Adenauer, the West German chancellor, and Foreign Minister Robert Schuman of France.

"They agreed to a general rule that France would never be underrepresented vis-à-vis Germany in any of the EC institutions," said a spokesman for the Parliament. "But those understandings were made under the assumption of roughly equal populations, and did not consider that East Germany would unite with West Germany."

Under the current representation formula, the assembly would have to increase its membership to an unwieldy 1,000 if the EC admitted all the nations of Scandinavia, Eastern Europe and the Balkans, along with some republics of the former Soviet Union.

A report prepared for a parliamentary committee by Karel de Gucht, a Belgian member of the Parliament, contains several different models.

Mr. De Gucht suggests, therefore, that the membership might be reduced right away to 347, including 65 for Germany and 58 each for France, Britain and Italy. The Eastern European countries would boost this number to 347.

CHARLES GOLDSMITH reports from Brussels for the International Herald Tribune.

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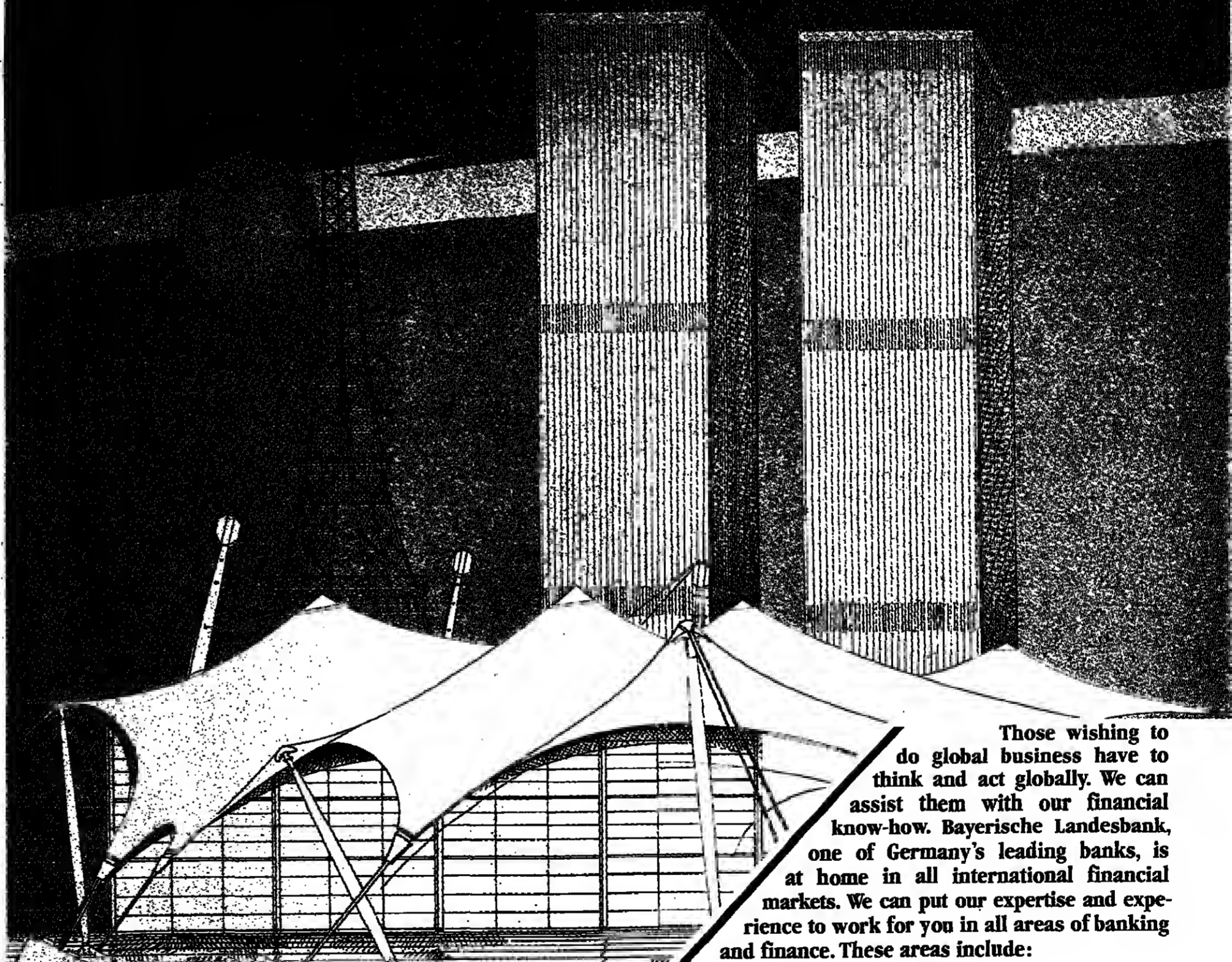
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DOUGLAS SUTTON is the business-economics editor at the German Press Agency (DPA) in Hamburg.

West's Research Funds (and Problems) Shift East

By Steven Dickman

MUNICH — On the surface, the restructuring and rejuvenation of science and technology in Eastern Germany after unification appears to be a remarkable success story. In less than two years, the united Germany has dismantled the bloated East German Academy of Sciences, created dozens of new institutes and university research groups, and pumped in millions of dollars worth of sophisticated equipment, leaping the East German researchers to a point years ahead of even their envious West German counterparts.

Consequently, the level of government support for East German scientific institutes has already soared to close to the standard level in the West. The fact that East Germans are still paid 40 percent less, on average, than West Germans leaves even more leeway for the purchase of new technology.

But building up the East has meant cutbacks in the West, and the quick pace of restructuring has meant that all the problems of West German science are being shifted eastward. The result is that many influential Germans fear that the shift of funds could, paradoxically, hurt the competitiveness of the entire country.

"It seems like we are making the same mistakes all over again," says Dieter Simon, chairman of the Cologne-based Science Council, an independent organization that gives advice to the government about science policy. Despite these investments, says Mr. Simon, "I am afraid that we will wake up in 10 years and find that Germany still has the same problems in research and higher education, but on a larger scale." These problems include grossly inflated numbers of students choking universities; a lack of highly qualified technical personnel for research-and-development-based industry; and too many inflexible research institutions unable to adapt to solving current problems.

Both Mr. Simon and a broad cross-section

of East German researchers interviewed agree that, in its haste to set up viable structures in the East, Germany has missed an opportunity to reform its own problematic research structures. Mr. Simon said he had "no doubt" that Germany's competitiveness would suffer because of the government's policies.

Even critics like Mr. Simon admit that most of the money that has poured into Eastern Germany so far has been well and wisely spent. For example, the Munich-based Fraunhofer Society for Applied Research has created 19 research institutes and outstations in the former East Germany. Taking personnel from the now-disbanded academy, the society has tried in fields as diverse as solid-state physics, polymer chemistry, cybernetics and optics, to create centers of excellence that can serve as a creative engine for East and West German industry.

In an important strategic move, the society has chosen to allow the East German researchers considerably more freedom in their first few years, requiring that they bring in only 25 percent of their operating budget through industry contracts. The comparable figure in society institutes in the West is 80 percent.

Electron microscopist Meinhard Kuna of the Fraunhofer Institute for Material Mechanics in Halle praises the initiative as far-sighted, since it will allow time for the Eastern researchers to do truly innovative research. "We have a chance," says Mr. Kuna, "to advance into a new field that will make us attractive not just to Germany or even to Europe, but to the entire world."

But the Fraunhofer Society managed to save only 900 of the academy's original 24,000 employees. New research institutes have absorbed roughly 9,000 more, and universities are expected to absorb an additional 2,000.

For these researchers, and for the ones that the East German institutions hope to attract from the West, the money already spent is clearly not enough, says Detlef Ganten, the director of the new national labora-



tor for biomedical research in East Berlin. "We will have to invest twice as much if we expect to attract a reasonable number of high-quality people within a reasonable time," says Mr. Ganten.

The money problems are not limited to the East. The heavy investment there is taking its toll on the West as well, especially in the 13 existing national laboratories, which focus on areas like high-energy physics, nuclear safety and cancer research.

Last year, the Ministry of Research and Technology (BMFT) froze the laboratories' nominal budget for at least three years, resulting in real cuts of 4 percent a year due to inflation.

"BMFT told us our national laboratories would have to compete for project-oriented funds" in order to make up the difference, laments Peter Silberbach, an official at the Science Ministry of North Rhine-Westphalia. But now these project funds are "nowhere to be seen."

Cutting back the national labs might seem like a blessing in disguise, since they have

long been criticized for being overstaffed and inflexible. But Wilhelm Krull of the Science Council warned that, unless the ministry takes the utmost care in setting priorities, the cuts will hurt the most in the newest and least well-established areas, which are also the most likely to be internationally competitive.

All the researchers interviewed see even larger problems in the area of industrial research. For a country that is a world leader in R&D-based exports, the government has done little to assure a proportional representation of such industry among the new or revamped companies in the East.

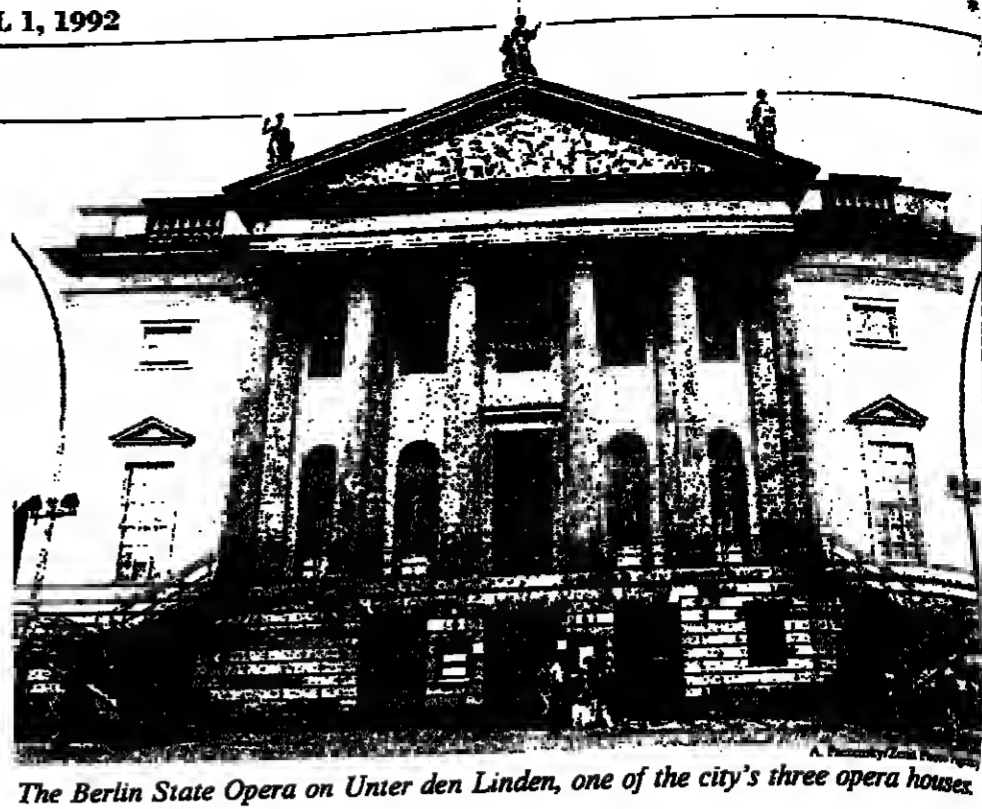
Although Eastern Germany used to be the former Soviet bloc's most successful high-tech exporter, virtually all of its R&D-based industry has been bankrupted or bought by Western companies, which have shut its research down.

The Kohl government admits that it has so far been disappointed with the level of investment in industry in general, and research-oriented industry in particular, in the eastern part of the country.

Foreign Minister Hans-Dietrich Genscher has urged the government not to neglect research-oriented industry in the East. In a recent speech, Mr. Genscher called upon policymakers to answer both parts of a "double challenge," building up the economy of Eastern Germany on the one hand without neglecting the high-technology challenge of Japan and America on the other.

Despite all the criticisms, when researchers take a long-term perspective, they tend to be optimistic, especially concerning publicly funded research. "We have to remember," says Mr. Ganten, "that if we evaluated the universities in the West as rigorously as we have evaluated the East German Academy, half of those universities would be empty overnight."

STEVEN DICKMAN is a free-lance writer specializing in science and technology based in Munich.



The Berlin State Opera on Unter den Linden, one of the city's three opera houses.

A Decentralized Theater Life

By David Stevens

ONE of the cultural side effects of the reunification of Germany has been the reintegration of the largest and most concentrated system of professional theater of any country in the world.

The numbers alone are impressive. One source reckoned before unification that there were 225 theaters in West Germany and 80 in East Germany. The weekly newspaper *Die Zeit*, which prints a full page of each week's theater programs — extensive if not exhaustive — currently lists almost 100 cities and towns, and a total of about 250 theaters. Of these, 58 are opera houses or theaters in smaller cities where musical theater shares the stage with drama. This does not count eight cities in *Die Zeit's* listing — four each in Austria and German-speaking Switzerland. In the German-language theater world, the borders are invisible.

For the most part these are *Staat* (state) or *Stadt* (municipal) theaters, subsidized by public funds to the tune of at least half of the budget, but more likely closer to 75 or 80 percent. There may be the occasional uproar over a specific production or a scream from an outraged politician, but there do not seem to be any Jesse Helmses to question the basic commitment.

The thriving state of German theater is all the more remarkable when it is recalled that in 1944 all theaters and festivals throughout the Third Reich were ordered closed and at war's end something like 70 percent of the theaters in Germany had been destroyed.

The repertory was in bad shape, too, for virtually nothing written in Germany between 1933 and 1945 was acceptable on a postwar stage. For some time the contemporary repertory was supplied mainly by Swiss playwrights like Friedrich Dürrenmatt and Max Frisch or returned exiles like Carl Zuckmayer. During the Nazi period it was Swiss theaters — notably the Zurich Opera, (the world premiere of Alban Berg's "Lulu") and the Zurich Schauspielhaus — that kept aloft the standards of German theater.

Theater is so widespread in Germany in part because history has made the country politically decentralized. For centuries the idea of nationhood was mainly a linguistic and cultural one. Not even Berlin can match the overall theatrical activity of Paris or London, but there are perhaps a dozen cities in Germany with more to offer than any provincial center in centralized Britain or France.

Another reason is more elusive, but it has to do with a social attitude toward the arts in general. A theater is taken for granted in even relatively small or obscure communities, along with a unified view of theater that allows Shakespeare, Schiller and Goethe to coexist with more recent classics and contemporary works, and with musical theater in all its forms.

Public theater in Europe in its present form is largely a creature of the 17th century, and until 1871, the country was fragmented into various kingdoms (Prussia, Saxony, Bavaria, Württemberg) and dozens of tiny principalities and duchies whose rulers modeled their courts on those of the Bourbons or the Habsburgs, building imitation Versailles palaces and patronizing the arts.

When the princely life vanished in the debacle of

1918, the theaters remained, but supported by the new political structures and the bourgeoisie, who accounted for most of the audiences anyway. It is hardly surprising that the theatrical establishments of major cities like Berlin and Munich should continue, supported by the urban tastes of a large population, but others cannot be explained without reference to history.

The National Theater in the relatively modest city of Mannheim derives from the cultural ambitions of the prince-electors of the Palatinate. If one of them, Karl Theodor, had played his cards right, he probably could have had Mozart as court composer and Schiller as court poet. He blew that, but later, when he inherited the Bavarian throne as well, he redeemed himself somewhat by commissioning Mozart to write "Idomeneo."

The Deutsches National Theater of Weimar is celebrated out of all proportion to the significance of the city, merely because Goethe came to town in 1774 and more or less ran the cultural establishment of the ducal court.

Hesse, at one point in history, was broken up by dynastic vagaries into three duchies, as a result of which now Kassel, Darmstadt and Wiesbaden all have a *Staatstheater*, although none of them matches in size and scope the municipal theaters of Frankfurt, Hesse's metropolis, where the background is purely mercantile.

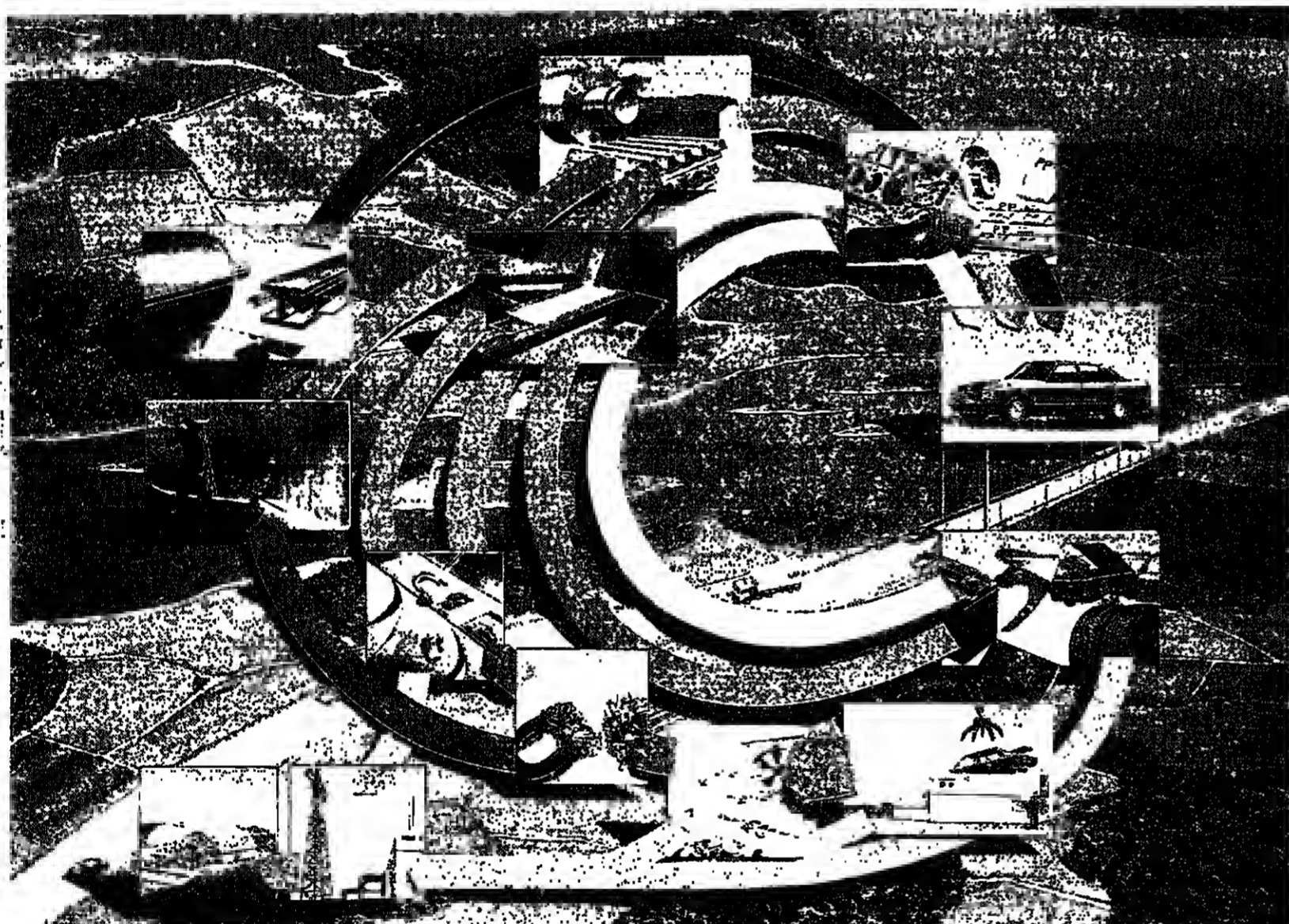
It was in mercantile Hamburg, too, that the first public (i.e. non-princely) opera house north of the Alps was opened in 1678, the beginning of an unbroken tradition. But Bochum, in the industrial Ruhr, had no theatrical history to speak of until after World War I, yet its playhouse has acquired an enviable reputation under such radical directors as Peter Zadek and Claus Peymann (now the embattled head of Vienna's Burgtheater).

IT is not just the number of theaters in Germany that contributes to the richness of the diet, but the amount of work they do. Most, especially the larger ones, are open 10 months a year or more, performing five to seven nights a week. Organizations like the combined municipal theaters in Frankfurt include opera, ballet and drama companies, an orchestra (which also gives occasional concerts), a chorus, substantial acting and singing and dancing troupes, not to mention administrative and backstage personnel.

And Germany is the only country where most of the theaters still function on a repertory system, which means the ready availability of a large roster of works and the artists to perform them, as well as an army of subscribers to keep happy. This year, for example, the Cologne Opera has a repertory of 27 operas, six of them new productions and four major revivals, and including two cycles of Wagner's "Ring," and its Tanz-Forum dance company has a repertory of 20 works, two of them new.

These are factories for producing theater and, not incidentally, creating jobs. And a look at the rustier shows that German musical theater still makes use, say, lots of American and English singers and Hungarian and Japanese violinists.

DAVID STEVENS is on the staff of the International Herald Tribune.



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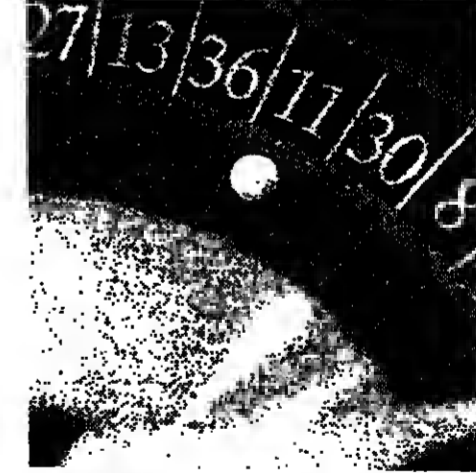
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Symbol	Close	High	Low	Div	Yld	P/E
A	31 3/4	32	31	1.00	3.2	10.5
B	31 1/2	32	30 1/2	1.00	3.2	10.5
C	31 1/4	32	30 3/4	1.00	3.2	10.5
D	31 1/8	32	30 3/4	1.00	3.2	10.5
E	31 1/4	32	30 3/4	1.00	3.2	10.5
F	31 3/8	32	30 3/4	1.00	3.2	10.5
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U	31 3/4	32	30 3/4	1.00	3.2	10.5
V	31 3/4	32	30 3/4	1.00	3.2	10.5
W	31 3/4	32	30 3/4	1.00	3.2	10.5
X	31 3/4	32	30 3/4	1.00	3.2	10.5
Y	31 3/4	32	30 3/4	1.00	3.2	10.5
Z	31 3/4	32	30 3/4	1.00	3.2	10.5
AA	31 3/4	32	30 3/4	1.00	3.2	10.5
AB	31 3/4	32	30 3/4	1.00	3.2	10.5
AC	31 3/4	32	30 3/4	1.00	3.2	10.5
AD	31 3/4	32	30 3/4	1.00	3.2	10.5
AE	31 3/4	32	30 3/4	1.00	3.2	10.5
AF	31 3/4	32	30 3/4	1.00	3.2	10.5
AG	31 3/4	32	30 3/4	1.00	3.2	10.5
AH	31 3/4	32	30 3/4	1.00	3.2	10.5
AI	31 3/4	32	30 3/4	1.00	3.2	10.5
AJ	31 3/4	32	30 3/4	1.00	3.2	10.5
AK	31 3/4	32	30 3/4	1.00	3.2	10.5
AL	31 3/4	32	30 3/4	1.00	3.2	10.5
AM	31 3/4	32	30 3/4	1.00	3.2	10.5
AN	31 3/4	32	30 3/4	1.00	3.2	10.5
AO	31 3/4	32	30 3/4	1.00	3.2	10.5
AP	31 3/4	32	30 3/4	1.00	3.2	10.5
AQ	31 3/4	32	30 3/4	1.00	3.2	10.5
AR	31 3/4	32	30 3/4	1.00	3.2	10.5
AS	31 3/4	32	30 3/4	1.00	3.2	10.5
AT	31 3/4	32	30 3/4	1.00	3.2	10.5
AU	31 3/4	32	30 3/4	1.00	3.2	10.5
AV	31 3/4	32	30 3/4	1.00	3.2	10.5
AW	31 3/4	32	30 3/4	1.00	3.2	10.5
AX	31 3/4	32	30 3/4	1.00	3.2	10.5
AY	31 3/4	32	30 3/4	1.00	3.2	10.5
AZ	31 3/4	32	30 3/4	1.00	3.2	10.5

INDEXES
Dow Jones Industrial Average: 31,245.10 (+150.00)
S&P 500: 1,234.56 (+12.34)
NYSE Composite: 15,678.90 (+80.12)

MARKETS
COMMODITIES
Wheat: 1.23-1.24
Corn: 0.85-0.86
Soybeans: 1.10-1.11
Cotton: 15.20-15.30
Sugar: 25.00-25.10
Gold: 100.00-100.10

FINANCIAL
Treasury Bonds: 102-103
US Government Bonds: 104-105
Foreign Exchange: Dollar strong

CORPORATIONS
DuPont: +1.00
Eastman: +0.50
IBM: +2.00
General Electric: +1.50
Ford: +0.25
Packard-Bell: +1.25
Union Carbide: +0.75
AT&T: +1.00
Coca-Cola: +0.25
Johnson & Johnson: +1.50
Monsanto: +0.75
NORANDA: +1.00
Rockwell: +1.50
Sears-Roebuck: +0.50
Steel Dynamics: +1.00
Tenneco: +1.00
United Fruit: +0.50
Westinghouse: +1.00
Zurich: +1.00

REUTERS
LONDON: 45.20
PARIS: 35.10
BRISBANE: 50.30
SYDNEY: 40.10
MELBOURNE: 30.00
HONG KONG: 15.50
SINGAPORE: 12.00
TOKYO: 100.00
CANBERRA: 10.00
WELLINGTON: 15.00
DUBLIN: 5.00
SANTO DOMINGO: 10.00
PORT-au-Prince: 10.00
SAO PAULO: 10.00
RIO DE JANEIRO: 10.00
BOGOTA: 10.00
LIMA: 10.00
SANTIAGO: 10.00
LA PAZ: 10.00
BUENOS AIRES: 10.00
MEXICO CITY: 10.00
HANOI: 10.00
BEIJING: 10.00
TAIPEI: 10.00
SEOUL: 10.00
BANGKOK: 10.00
JAKARTA: 10.00
SINGAPORE: 10.00
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CANBERRA: 10.00
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SANTO DOMINGO: 10.00
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SAO PAULO: 10.00
RIO DE JANEIRO: 10.00
BOGOTA: 10.00
LIMA: 10.00
SANTIAGO: 10.00
LA PAZ: 10.00
BUENOS AIRES: 10.00
MEXICO CITY: 10.00
HANOI: 10.00
BEIJING: 10.00
TAIPEI: 10.00
SEOUL: 10.00
BANGKOK: 10.00
JAKARTA: 10.00

NYSE High-Lows

NEW HIGHS	NEW LOWS
American Int'l	First Nat'l
Consolidated	General Electric
Eastman	IBM
General Electric	Johnson & Johnson
IBM	Johnson & Johnson
Johnson & Johnson	Union Carbide
Union Carbide	USAMM
USAMM	

AMEX High-Lows

NEW HIGHS	NEW LOWS
American Int'l	First Nat'l
Consolidated	General Electric
Eastman	IBM
General Electric	Johnson & Johnson
IBM	Johnson & Johnson
Johnson & Johnson	Union Carbide
Union Carbide	USAMM
USAMM	

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MARKETS
BEST RATES
GOLD

MEDIA MARKETS

Mega-Station Cable Poses Threat to Video Industry

By Peter M. Nichols
New York Times Service

NEW YORK — With the start-up of Quantum, Time Warner's 150-channel cable-television system in New York, the home-video industry is facing much more intense competition than it has in the past.

By the mid-90s, the stores will have to confront more competition from pay-per-view for hit titles, but it's certainly not a killer for the video business, said Craig Bibb, an entertainment industry analyst at Paine Webber.

In the next few years, technologies like digital compression and fiber-optic transmission lines will enable cable operators and possibly the telephone companies to transmit hundreds of channels. Eventually, they may enable pay-per-view systems to deliver a huge number of movies to homes.

Digital compression uses various computerized techniques to squeeze three to 10 programs into a single channel. The technology, cable executives say, will be ready by the middle of the decade. But to install new digital systems, the carriers must replace the cable equipment in every home.

Pay-per-view television has been around since the late 1970s. According to Paul Kagan Associates, a media research company in Carmel, California, 15.2 million of the 54.1 million American households with cable television can receive pay-per-view movies. To date, however, programming has been limited.

Time Warner's Quantum system is a preview of the competition that video stores may face from pay-per-view services one day. Since December, the company said, its Brooklyn-Queens Cable has installed Quantum in about 2,500 homes in the Whitestone and Bellerose sections of Queens.

OF QUANTUM'S 150 channels, about 55 deliver a choice of 17 movies around the clock. The April schedule lists six hit movies — including "Boyz n the Hood," "The Doctor" and "Dead Again" — which start every half-hour and cost \$3.95. Other categories include children's, action, art and foreign and adult movies.

"These 55 channels are what we call bringing a video store into your home," said Richard Aurelio, the president of Time Warner Cable's New York group. "It's a virtual video-on-demand service."

The term "video on demand" implies that viewers would be able to order up any movie, any time. "Video on demand is what the pay-per-view operator would like you to think he's offering, but he's not," Mr. Bibb said. "The time frame is 10 years away."

As such, many video stores plan to continue doing what they think they do best: dispensing videocassettes in exciting packages, recommending films, and, above all, allowing their customers to browse for movies, which they cannot do on cable systems.

Cable, they add, may be fine for the top 10 hit movies, but it offers a very small selection of other titles. "In video stores, a lot of movies get exposed that otherwise would never get seen," said Don Rosenberg, executive vice president of the Video Software Dealers Association, an industry trade group. "I don't care how many titles you offer on a pay-per-view system. If someone can't touch them and feel them, or talk to someone who can say, 'I saw that — it's a good movie,' it's never going to get rented on that system."

Mr. Rosenberg also emphasized another benefit of watching a movie on videocassette: the tape can be stopped and started, as well as rewound and replayed.

The video stores also have an important ally: the movie studios, which have a vested interest in selling videocassettes.

CURRENCY RATES

Table with columns: Location, Bid, Ask, Bid, Ask, Bid, Ask, Bid, Ask, Bid, Ask, Bid, Ask, Bid, Ask, Bid, Ask, Bid, Ask. Includes locations like Amsterdam, London, Tokyo, Zurich, etc.

Other Dollar Values

Table with columns: Currency, Par \$, Current rate, Par \$, Current rate, Par \$, Current rate, Par \$, Current rate, Par \$, Current rate, Par \$, Current rate. Includes currencies like British pound, Canadian dollar, etc.

Forward Rates

Table with columns: Currency, 90-day, 180-day, 360-day, 90-day, 180-day, 360-day. Includes British pound, Canadian dollar, etc.

Interest Rates

Table with columns: Eurocurrency deposits, 1 month, 3 months, 6 months, 1 year. Includes rates for various currencies.

Key Money Rates

Table with columns: United States, Discount rate, Fed funds rate, Call money rate, etc.

U.S. Money Market Funds

Table with columns: Fund Name, Assets \$ Bil., Share Price, YTD Return. Includes Fidelity, Prudential, etc.

Asian Dollar Deposits

Table with columns: 1 month, 3 months, 6 months, 1 year. Includes rates for various Asian currencies.

GOLD

Table with columns: Date, A.M., P.M., C.F. Includes gold prices.

U.S. Open for Unsubsidized Steel as Talks Fail

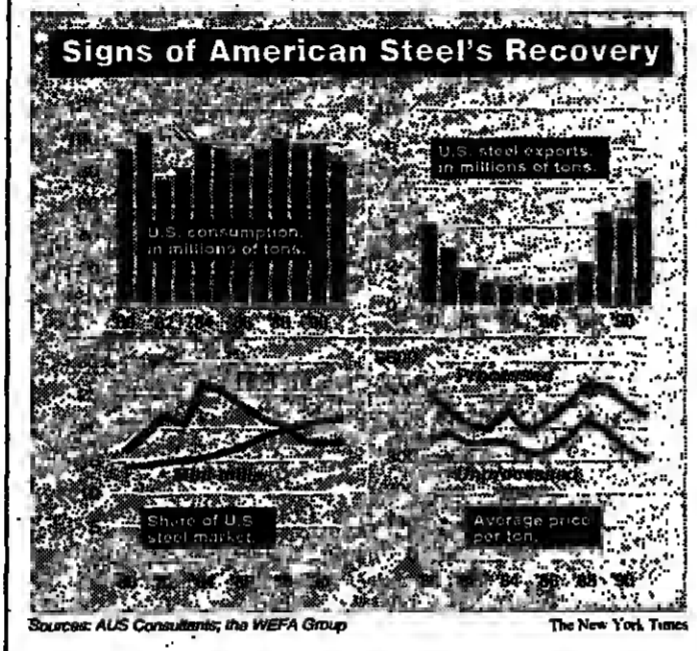
GENEVA — The U.S. steel market will be open to all suppliers after international trade talks failed to extend voluntary export restraints on Tuesday, but Washington is expected to use an arsenal of legal weapons to combat sales by subsidized producers.

The failure of 36 countries to conclude a multilateral steel agreement echoed a dispute between the United States and the European Community, Japan and South Korea at the world trade talks under the auspices of the General Agreement on Tariffs and Trade.

The crux of the steel dispute was subsidies. Rufus Yerxa, deputy U.S. trade representative and chairman of the steel negotiations, indicated other countries tried to put too tight a box around American trade laws that allow anti-dumping duties and countervailing duties on subsidized goods.

The EC, Japan and South Korea wanted the accord to restrict U.S. anti-dumping duties. In the GATT talks, these three have been the most adamant about protecting their farmers with subsidies.

"We cannot accept an agreement that lacks meaningful disciplines over subsidy practices and unduly restricts our ability to use domestic trade laws to counter those practices," Mr. Yerxa said.



Outlook For U.S. Economy Improves

NEW YORK — Key forecasting gauges of consumer confidence and leading economic indicators released Tuesday showed the U.S. economy likely to expand slowly, while a major revision of last year's employment figures indicated it had been in a deeper hole than originally believed.

The Conference Board's confidence index jumped seven points in March to 54, the largest increase since the Gulf War ended a year ago and temporarily revived consumer optimism.

American Firms Ready to Compete Following a Decade of Protection

NEW YORK — The steel industry, long a symbol of decay in industrial America, has undergone a transformation in the last decade that has drastically sharpened its competitive position.

The U.S. government, which has provided a decade of protection from imported steel, has decided not to extend quotas on imported steel that expired Tuesday.

Aviation Officials Fret About Ex-Soviet Airspace

SINGAPORE — Failure of the Commonwealth of Independent States to hold together could severely disrupt international air links between Asia and Europe, aviation officials said Tuesday.

If air traffic over the former Soviet states was blocked, it would cause "a tremendous problem" by forcing diversion of many planes to alternative routes, said Tony Laven, regional technical director in the Bangkok office of the International Air Transport Association.

This would add substantial time and costs to flights between East Asia and Europe, and increase already heavy air-traffic congestion in the two alternative air corridors, he said.

Many of the carriers flying between Asia and Europe have welcomed an assurance from Moscow that they can continue to fly over the former Soviet Union. But officials expressed doubt Tuesday whether the vital air-traffic agreement would last.

SAS Raises Stake in 3 U.K. Airlines

STOCKHOLM — SAS increased its stake Tuesday in a company that owns three British airlines, creating a strong position in the Scandinavian airline's most important market outside the Nordic countries.

Scandinavian Airlines System will spend \$25 million (\$40.5 million) over the next two years to buy 40 percent of the shares in Airlines of Britain Holdings, the parent company for British Midland, Manx Airlines and Loganair.

Garuda to Buy Planes, Pare Fleet

JAKARTA — The state-owned airline PT Garuda Indonesia announced plans Tuesday to halve the size of its fleet but also to renew it with an order of new planes estimated to cost about \$4 billion.

A Garuda spokesman said the airline would buy 41 wide-bodied jets and lease seven others from Boeing Co. of the United States and the European Airbus Industrie consortium.

The spokesman, Jansius Siahaan, said the airline would buy 12 Airbus A-300/600s, nine Airbus A-330s, 14 Boeing 737-400s and six Boeing 747-400s, and lease three Boeing 747-400s and four Airbus A-300/600s.

Mr. Siahaan said the new jets, which would replace aging aircraft, are expected to be operational in 1993. At the same time, the carrier will reduce the size of its fleet to 48 planes from 97 currently, and its suppliers of planes to two from the current four.

The new president of Garuda, Wage Mulyono, ordered the airline's expansion program to be reviewed shortly after he was appointed in January.

Mr. Mulyono told journalists Monday that "the decision to deploy aircraft from only two manufacturers is expected to reduce our operational and maintenance costs to achieve higher efficiency."

Currently Garuda flies Dutch-built Fokker F-27 turboprops and F-28 jets, McDonnell Douglas DC-9 and DC-10 jets as well as Airbus 300s and Boeing 737s and 747s.

Air Traffic Bounces Back. GENEVA — Air traffic has recovered strongly from depressed Gulf War levels, data released Tuesday by the International Air Transport Association show.

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EUROPE

One Way to Curb EC Bureaucracy: Hiring 'Temporary' Consultants

By Charles Goldsmith
International Herald Tribune
BRUSSELS — In a bid to curb the power of the Brussels bureaucracy, national governments are requiring the EC Commission to dilute the ranks of its permanent civil service by turning increasingly to outside help.

Bull Sees Light at End Of Unprofitable Tunnel

Compiled by Our Staff From Dispatches
PARIS — Groupe Bull, the government-controlled computer maker, reported Tuesday its third consecutive annual loss, but its chairman said it expected to break even this year and become profitable in 1993.

Inflation Up in West Germany

Compiled by Our Staff From Dispatches
FRANKFURT — Western Germany's cost of living will show a year-on-year rise of at least 4.5 percent in March, the highest since late 1982, independent economists said Tuesday.

Bundesbank Plans Windfall for Bonn

FRANKFURT — The Bundesbank is expected to report Thursday that it is making a record transfer of profits to the cash-strapped German government this year.

Krupp Earnings Increased About 38% Last Year

Compiled by Our Staff From Dispatches
HANNOVER — Gerhard Cromme, chief executive of Fried. Krupp AG, said Tuesday his company's 1991 group net profit was about 300 million Deutsche marks (\$182.3 million) last year, up 38 percent from 1990.

STEEL: Who Needs Protection? American Industry Can Now Compete With Metal Imports

(Continued from first finance page)
minimally pushed the big mills to change their ways.
The value of the dollar played a big role, too. When the dollar was strong in the mid-1980s, American producers recognized that they had to become more efficient to block imports by imported steel.

Investor's Europe

Table with 3 columns: Frankfurt DAX, London FTSE 100 Index, Paris CAC 40. Includes line graphs showing trends and a table with exchange rates and stock indices.

Very briefly:

- France's National Accounts Committee, headed by the finance minister, expects gross domestic product growth of 2 percent this year and 2.6 percent in 1993, the Finance Ministry said.

Ferrari Sales Advanced 10% in 1991

MARANELLO, Italy — Ferrari, the renowned Italian maker of luxury sport cars which also runs a Formula-one racing team, reported Tuesday a 10 percent rise in its 1991 revenue, to 660 billion lire (\$528 million).

NASDAQ

NASDAQ Tuesday's Prices
Table listing various stocks and their prices on the NASDAQ exchange.

Main table of stock prices and market data, including columns for High, Low, Stock, Div, Yld, PE, and other financial indicators.

ASIA / PACIFIC

Japan's Low-Key Recession
Tokyo Frets, but Few Hard-Luck Tales Told

By Leslie Helm
Los Angeles Times Service
TOKYO — Sales of \$1,000 designer dresses have plunged, but department stores remain crowded with shoppers and Matsushita Electric's \$2,300 wide-screen television set is selling briskly.

So far, Japan's economic slowdown has produced a lot of cautious behavior but few hard-luck stories. However, there is growing concern among economists, politicians and business leaders that the Japanese economic machine may be headed for a breakdown.

Although government officials insist the economy is merely going through a brief adjustment, Prime Minister Kiichi Miyazawa acknowledged the scope of the problem Tuesday by announcing a package of stimulative measures, including immediate spending on public works and tax cuts for small businesses.

The Nikkei average of 225 stocks fell 323.36 yen, or 1.6 percent, to 19,345.95 Monday, its lowest level since January 1987, when services reported.

But Tetsuo Tsukimura, the chief economist at the Tokyo branch of the U.S. brokerage Smith Barney, Harris Upham, is more pessimistic.

"This will be the worst recession in post-war Japan," he says. Mr. Tsukimura predicts a 0.4 percent decline in Japan's gross national product this year, the first since 1974.

At the same time, some economists see little advantage to American and European companies seeking to gain an edge against Japanese rivals in global markets. The reason, they say, is that Japan tends to step up its export drive when times get tough at home.

To boost the economy, Japan will spend more than 75 percent of the government's \$115 billion public-works budget before September.

The bank of Japan, which has resisted pressure to cut interest rates, is expected to announce a 0.5 to 0.75 percentage point discount rate cut later this week.

Masaru Yoshitomi, director general of the Economic Planning Agency said Tuesday the measures would inject more than \$30 billion into the economy and help Japan attain its 3.5 percent growth target for this year.

But many economists and business leaders are already calling for additional government spending in a new supplementary budget — a move for which Mr. Miyazawa recently expressed support.

The boom in stock and land prices of the late 1980s has turned to bust and now the problem is taking a toll on business and consumer confidence. Housing starts have plunged while corporate investment and consumer spending are slowing.

In the last quarter of 1991, Japan's economy actually shrank.

But with severe labor shortages and a national tradition of lifetime employment, there have been no sizable layoffs and few Japanese actually worry about losing their paychecks.

Instead of firing workers, companies re-deploy them — and life goes on.

Moody's Cuts
Big Banks'
Credit Rating

Compiled by Our Staff From Dispatches
TOKYO — Moody's Investors Service Inc. said Tuesday it had lowered its credit ratings for four Japanese banks to reflect the deteriorating quality of their assets, affecting almost \$7 billion in debt.

Separately, bankers said that Japanese commercial banks had built up loan reserves totaling \$1 billion to cover possible losses in the Commonwealth of Independent States.

The banks downgraded were Tokai Bank Ltd., Bank of Tokyo Ltd., Tokai Trust & Banking Co. and Hokuriku Bank Ltd.

Tokai Bank, based in Nagoya, and Bank of Tokyo had their long-term credit ratings lowered by one notch. Mizui Trust, the third-biggest trust bank in Japan, had both its long- and short-term ratings cut, also by one notch, while a similar downgrade of Hokuriku was limited to its short-term rating.

Combined Japanese bank loans to the former Soviet Union are estimated at about \$4 billion and reserves set aside for possible default may amount to \$1.2 billion.

Mitsui Toyota Kobe Bank Ltd., the world's second-biggest bank, is spending \$3 billion yen (\$23 million) to change its name Wednesday to Sakura ("Cherry Blossom") Bank, a spokesman said.

The same censorship standard that is used on SBC will be used on SCV, said Chang Long Kiat, Cablevision's general manager. He was referring to the state-owned Singapore Broadcasting Corp.

HBO, a unit of Time Warner Inc., will provide the movie package in advance so that Cablevision can review or reject selections. Passages to be censored will be specified and HBO will make the cuts.

"We will indicate themes sensitive and unacceptable in Singapore — like homosexuality, encouraging drug use, inflaming race and religion — and after a few months we expect the working relationship will be smooth," Mr. Chang said.

Chung to Cede Control
Of Hyundai Units' Stock

Compiled by Our Staff From Dispatches
SEOUL — Chung Ju Yung, the South Korean tycoon turned politician, said Tuesday that he was ceding control of his multinational-dollar stake in the Hyundai Group to protect the reputation of his new political party.

A Hyundai spokesman said Mr. Chung, who founded the group, would entrust his shares to his younger brother, Chung Se Yung, the current chairman of the conglomerate, which is South Korea's second largest.

The elder Mr. Chung founded the Unification National Party earlier this year to oppose the government of President Roh Tae Woo. The UNP won 31 seats in a general election last week, making it the second-largest opposition party.

Mr. Chung said the money raised by the sale of his stock would be returned to society through political activities, an indication the money would be used to finance his party. He said he would sell "as much Hyundai stock as possible."

According to South Korean press reports, Mr. Chung is thought to own stock in Hyundai subsidiaries that is worth about 2 trillion won (\$2.6 billion).

"In order for the UNP to become a public political party in name and reputation, it needs to break ties with the Hyundai Group," a UNP spokesman quoted Mr. Chung as telling reporters.

Mr. Chung was quoted as saying that he was "in the process of preparing legal documents with my hands off all matters regarding Hyundai stock rights."

Hyundai reported group sales of \$37 billion in 1990 and employs 170,000 people in South Korea.

There will be 30 stocks traded on the bourse by the end of June, up from 10 at the end of last week, the China Daily said.

Investor's Asia

Table with columns: Hong Kong Hang Seng, Singapore Straits Times, Tokyo Nikkei 225, Exchanges Index, Tuesday Close, Prev. Close, % Change.

Very briefly:

China's Hong Kong Exchange for falling to "perform its duty" in the sale of stock and warrants in Cathay City International by not setting a trade when the buyer did not pay on time.
Guangdong is to become the first Chinese province to completely free grain prices on Wednesday, the official China Daily newspaper said, although it is prepared to subsidize farmers if prices fall too low and resume rationing if the cost goes too high.

Hitachi to Slash
Executives' Pay

Restored
TOKYO — Hit by weak performance in its semiconductor, computer and audio-visual businesses, Hitachi Ltd. will cut executives' salaries by 10 to 15 percent and delay raises for 9,000 managers by six months, a spokesman said Tuesday.

Eight top executives, including the chairman, president and vice presidents, are due for a 15 percent pay cut from April to September, while 27 directors will take 10 percent pay cuts.

Separately, Hitachi introduced a new range of supercomputers aimed at industrial control systems beginning in January 1993, with monthly rentals from 47 million yen (\$350,000) to 125 million yen. Its S-3600 range will be available starting in July of this year at up to 30 million yen a month.

World Bank Cools
On Yen Bonds

Bloomberg Business News
TOKYO — World Bank officials took a step back Tuesday from ambitious plans to issue more yen-denominated global bonds, but defended the performance of the bank's first such issue.

The World Bank's vice president and treasurer, Jessica Emborn, and the bank's top manager for dollar and yen debt, Paul Siegelbaum, said the 250 billion yen (\$1.88 billion) bond secured cheap yen financing and pleased investors.

The bond went on sale March 10 at a fixed offer price of 99.23 yen. It was trading Tuesday around 99.10 yen, yielding 5.39 percent.

Satellite TV for Singapore

Restored
SINGAPORE — Satellite television news will be beamed into Singapore homes for the first time on April 2 with strict censorship rules remaining intact, broadcasting officials said Tuesday.

Singapore Cablevision Pte. will relay a 24-hour feed of Cable News Network, with a Home Box Office movie channel and a Mandarin Chinese entertainment channel to follow on June 1, officials said.

The same censorship standard that is used on SBC will be used on SCV, said Chang Long Kiat, Cablevision's general manager.

HBO, a unit of Time Warner Inc., will provide the movie package in advance so that Cablevision can review or reject selections.

"We will indicate themes sensitive and unacceptable in Singapore — like homosexuality, encouraging drug use, inflaming race and religion — and after a few months we expect the working relationship will be smooth," Mr. Chang said.

Shenzhen Is to Triple Stock Listings

Compiled by Our Staff From Dispatches
HONG KONG — The number of companies listing their shares on the Shenzhen Stock Exchange, one of China's two bourses, is to triple in the next three months, a state-run newspaper said.

Shenzhen also is to expand, the area's Communist Party secretary, Li Hao, said in Beijing. He was quoted Tuesday as saying that the central government had approved the plan to merge the zone with neighboring Baocun County, increasing Shenzhen's size more than six-fold.

There will be 30 stocks traded on the bourse by the end of June, up from 10 at the end of last week, the China Daily said.

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Large table containing financial data, fund names, and prices under the heading 'INTERNATIONAL FUNDS'. Includes columns for fund names, currency, and prices.

For information on how to list your fund, fax Simon OSBORN on (33-1) 46 37 52 12.

OBSERVER

Granny-Dumping

By Russell Baker
NEW YORK — John Kingery, 82, physically helpless, emptied of memory by Alzheimer's disease and holding a bag of diapers, was abandoned in his wheelchair at an Idaho dog track the other day. "Proud to Be an American" were the words on his sweatshirt.
Something about the story caught editors' attention. Maybe it was the dog-track angle. Old-timers like Kingery are usually abandoned at hospitals.
These abandonments are common enough nowadays, according to agents of the old-people's lobby, to constitute a trend, which they call "granny dumping."

At Oscars, 'Lambs' Comes In Like a Lion

By Carla Hall

LOS ANGELES — "The Silence of the Lambs" swept the Oscars, taking the awards for best picture, best director, best actor, best actress and best adapted screenplay.
"I'm literally in a state of shock," said the director Jonathan Demme backstage. The thriller starred Anthony Hopkins as the brilliant cannibal murderer Hannibal Lecter and Jodie Foster as the young FBI agent who seeks his help in capturing a serial killer.
"it's hard to digest," Demme said of the awards. "No pun intended," he added.
Asked if the film's sweep speaks well for the horror genre, Foster said, "I don't think this fits into the horror genre at all — I think this is a pretty heavy-duty psychological drama. It says a lot for dramatic movies. There's not a comic moment in it."



Jonathan Demme with his Oscar for best director; Mercedes Ruehl, best supporting actress, and, below, Jack Palance, best supporting actor, does a one-handed push-up to show that older actors can be winners too.



unwarranted in terms of its criticism — I don't think it was male bashing or anything like that.
As anticipated, a couple of hundred gay rights activists demonstrated across the street from the Dorothy Chandler Pavilion, where the annual awards ceremony was being held, but the event was unremarkable.
The Associated Press reported that 10 people were arrested, including two protesters who threw objects at the red-carpeted entrance, and five who refused police orders to move from an intersection. The protesters objected to portrayals in

the Constitution, it's not against the law."
Asked if this second Oscar (her first was for her 1988 performance in "The Accused") was an embarrassment of riches, Foster cried "No way!" Demme was definite about one thing: "I want to make a sequel to "Silence of the Lambs" so bad."
Of the original book, Demme said, "Thomas Harris's characters get under your skin."
Demme said he didn't see Lecter as a hero but as "an extraordinarily compelling character. This is one of the great creations of 20th-century literature. We're all fascinated with evil."
Ruehl, who has already won a Tony for her work in "Lost in Yonkers," said she heard "secreted on my person" a green scarf as a good luck charm. She joked about putting the Oscar on a string around her neck. "I had some expectation but I hope I didn't look too prepared," Ruehl said about winning. "You spend 30 years preparing for this speech and then they give you 30 seconds," said Ruehl, who wore a black halter dress by Valentino.
Speaking of good luck, Palance said, "I heard a rumor that if you win an Oscar you've got it made. Now all I need is another job — then I've really got it made." The 72-year-old actor, ruddy-faced and silver-haired, was nominated twice before, once for "Shane" in 1953. Palance said the award would have meant more 40 years ago. "I probably would have tried more things in the film business. It's nice now — but then it would have been more exciting."
The winner in documentary features — one of the most controversial categories this year for its well-known omissions such as Paris Is Burning, "35 Up" and "Hearts of Darkness" — was "In the Shadow of the Stars," a look at the members of the San Francisco Opera chorus. Allie Light and Irving Saraf were the winning producers. Backstage, Allie Light said of the documentary feature brouhaha, "It was very good at promoting ourselves. I would say this is good — no one has paid much attention to documentary filmmaking before."
Other winners:
DOCUMENTARY SHORT SUBJECT: Debra Chermak, "Deadly Deception: General Electric, Nuclear Weapons and Our Environment"
MUSIC ORIGINAL SCORE: Alan Menken, "Beauty and the Beast"
MUSIC ORIGINAL SONG: Alan Menken and the late Howard Ashman, "Beauty and the Beast" from "Beauty and the Beast"
ANIMATED SHORT FILM: Donal Greaves, "Monty Python and the Holy Grail"
LIVE ACTION SHORT FILM: Seth Winston and Rob Fink, "Seasons Alike"
Honorary Oscars announced in advance:
IRVING G. THALBERG AWARD: George Lucas
LIFETIME ACHIEVEMENT AWARD: Beverly Sills
GORDON E. SAWYER AWARD: Roy Hattersley

PEOPLE

Theft of a Waxen Chef Claimed by Colleagues

Bernard Gabriel Thomas, president of the Musée Grévin, found the museum's wax likeness of the celebrated chef Paul Bocuse "mysteriously" missing when he arrived at work Tuesday. Later, a group of Lyon chefs claimed authorship of the deed and said they would return the figure only "under duress."
"Paul Bocuse has no business in a Paris museum... he should stay in Lyon," said Gérard Néron, their spokesman. Bocuse, the flamboyant owner of a three-star establishment in Colonges-au-Mont-d'Or, near Lyon, earlier blamed the disappearance on "jealousy." He did not elaborate. The wax-museum chef had been part of a display, ostensibly serving tulle soup to the effigies of a group including Catherine Deneuve and former French President Valéry Giscard d'Estaing.
A famous image of William Shakespeare — the engraving on his collected works — was based on a 1588 portrait of Queen Elizabeth I. A computer expert has concluded, "With this, it's so perfect that there's no doubt. You could take the two portraits, scale them to the same size on a Xerox machine and lay them on top of each other and see for yourself," Lillian Schwartz said. "Absolute garbage," said Paul Beaman of Rutgers University, who has written studies of Shakespeare's portraits.
Alberto Zecchi, conductor, musicologist and a specialist in the operas of Rossini, was named artistic director of Milan's Teatro alla Scala Tuesday. Zecchi, 64, succeeds Cesare Mazzonis in the post at Italy's most prestigious opera house, where he will form a team with Riccardo Muti, the music director.

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